RELATED ISSUE 3

To what extent does globalization contribute to sustainable prosperity for all people?

Key Issue
To what extent should we embrace globalization?

Related Issue 1
To what extent should globalization shape identity?

Related Issue 2
To what extent should contemporary society respond to the legacies of historical globalization?

Related Issue 3
To what extent does globalization contribute to sustainable prosperity for all people?

Related Issue 4
To what extent should I, as a citizen, respond to globalization?

Chapter 9
Foundations of Economic Globalization

To what extent did world events shape contemporary economic globalization?

What does economic globalization mean?

How did 20th-century world events shape contemporary economic globalization?

What factors laid the foundations of contemporary global economics?

Chapter 10
Expanding Globalization

To what extent do contemporary factors contribute to expanding globalization?

What factors contribute to expanding globalization?

How do international agreements and organizations contribute to expanding globalization?

How do transnational corporations contribute to expanding globalization?

How do communication technologies contribute to expanding globalization?

Chapter 11
Globalization and Sustainability

To what extent does globalization affect sustainability?

What does sustainability mean?

How are globalization and sustainability related?

Have efforts to promote sustainability been successful?

Chapter 12
Sustainable Prosperity — Challenges and Opportunities

To what extent can globalization bring sustainable prosperity to all people?

What is sustainable prosperity?

What political and economic challenges and opportunities are associated with globalization?

What choices are associated with sustainable prosperity?

Canada's Ecological Footprint

The Big Picture

You have explored the relationship between globalization and identity and the extent to which today's society should respond to the legacies of historical globalization. In this related issue, you will explore, analyze, and evaluate whether — and how — globalization contributes to sustainable prosperity for all people.

The question for this related issue raises issues of definition — What is prosperity? — and issues of fact — How should sustainability be measured? As you progress through the four chapters of this related issue, you will focus on exploring and evaluating answers to these questions and to the related-issue question: To what extent does globalization contribute to sustainable prosperity for all people? This exploration and evaluation will help you develop your response to the key question around which this course is structured.

"Prosperity" is defined differently by different people. Some believe it is a measure of overall well-being — a combination of health, happiness, and security of identity. Others say that prosperity is a measure of financial security — how much money and buying power people have. As you will discover when you try to define this concept yourself, more concepts, such as happiness and security, will emerge and demand further exploration.

"Sustainability" is another concept that is viewed from different points of view and perspectives. Is the sustainability of your way of life the same as the sustainability of life on Earth? Should everyone on the planet share equally in the earth's resources? Do you have an obligation to steward resources on behalf of generations to come? What do the answers to these questions mean to your way of life?

On a daily basis, news reports discuss the challenges involved in global climate change, resource depletion, the unequal distribution of wealth and opportunity, the exploitation of people, and other issues that stem in part from the rapid expansion of globalization. Examining and exploring Related Issue 3 will help you develop informed positions on these and other issues. You will also gain a fuller understanding of attempts to address the issues and the challenges created by their complexity.

The chart on the previous page shows how you will progress through Related Issue 3. As you explore this related issue, you will come to appreciate

- contemporary economic globalization
- past events that helped lay the foundations of contemporary economic globalization
- the factors that contributed to the rapid expansion of globalization in the years after World War II
- the relationship among people, the land, globalization, and sustainable prosperity

Your Challenge

Prepare and present a persuasive essay in response to the question for this related issue:

To what extent does globalization contribute to sustainable prosperity for all people?

Checklist for Success

At the final editing stage, review your essay to make sure it includes all the elements necessary for success.

My Knowledge and Understanding of the Issue

My position on the issue is clearly stated.

Facts are clearly presented to support my position.

My conclusion is logical and based on strong evidence.

My Selection, Analysis, and Evaluation of Information

I have drawn information from a variety of reliable sources.

I have selected information that reflects diverse points of view and perspectives.

My inquiry questions clearly formed the basis of my research.

All sources and references are cited correctly and accurately.

My Essay

My message is clear and consistent.

My writing is interesting, grammatically correct, and suited to my audience and purpose.

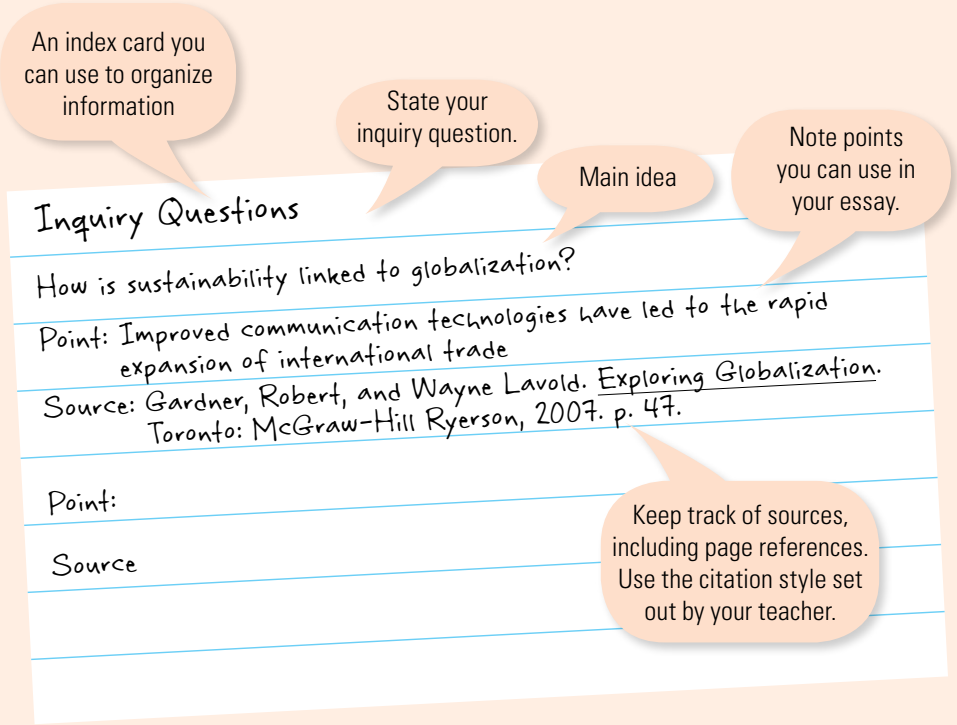
Your Persuasive Essay

As you progress through this related issue, you will gather ideas, information, points of view, and perspectives to help you reach an informed position on how much globalization contributes to sustainable prosperity for all people. You may wish to review the Focus on Skills feature (p. 34), which outlines the steps to take in developing an informed position.

How You Will Develop Your Essay

A persuasive essay is one in which you present a position and lay out your reasons for reaching your conclusions. Your aim is to convince readers that your position is the logical one to take after exploring and analyzing the issue. An effective persuasive essay includes elements such as

- material in the form of quotations and references from informed and involved stakeholders
- clear examples that illustrate the ideas presented
- primary documents, where applicable
- references to many different sources, points of view, and perspectives


An index card you can use to organize information
State your inquiry question.
Main idea
Note points you can use in your essay.
Inquiry Questions
How is sustainability linked to globalization?
Point: Improved communication technologies have led to the rapid expansion of international trade
Source: Gardner, Robert, and Wayne Lavold. Exploring Globalization. Toronto: McGraw-Hill Ryerson, 2007. p. 47.
Point:
Source
Keep track of sources, including page references. Use the citation style set out by your teacher.

Steps to Writing a Persuasive Essay

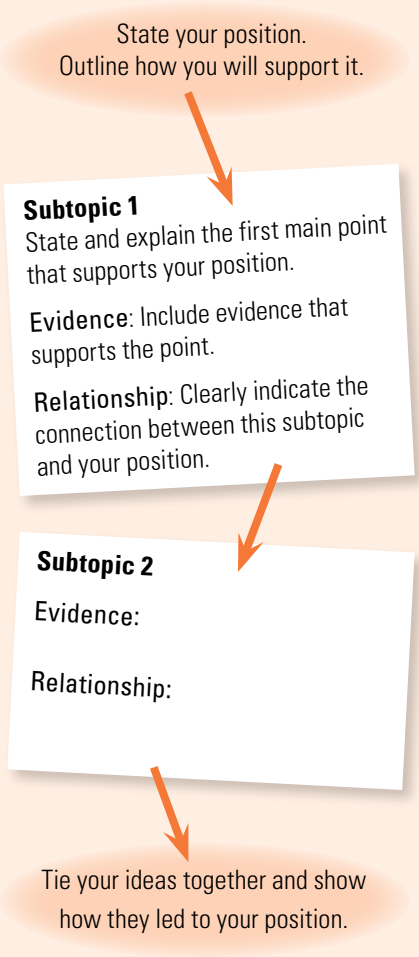
Step 1

Develop four or five inquiry questions to help guide your research and reading. Inquiry questions focus on analysis rather than facts — and these questions form the basis of an effective persuasive essay.

Share your questions with a partner or your teacher. Based on the feedback you receive, revise or change your questions. Be prepared to revise or refine your questions again as you progress through Related Issue 3 and encounter information that inspires you to consider exploring in new directions.

Step 2

Once you have decided on your inquiry questions, you will be ready to gather and organize information. One way to organize this information is to record your inquiry question and notes on separate sheets of paper or index cards. You might also use a computer file. Be sure to include notes about your sources. An index card might look like the example on page 212.


State your position.
Outline how you will support it.
Subtopic 1
State and explain the first main point that supports your position.
Evidence: Include evidence that supports the point.
Relationship: Clearly indicate the connection between this subtopic and your position.
Subtopic 2
Evidence:
Relationship:
Tie your ideas together and show how they led to your position.

Step 3

You can use a flow system like the one shown on this page to create an essay outline based on your notes. Share your outline and your inquiry questions with a partner or your teacher. If necessary, revise your outline based on their feedback.

Step 4

When you finish reading the four chapters in this related issue, prepare a first draft of your essay. Share this with a partner or your teacher and use his or her feedback to edit your essay. Then read your essay several times. Focus on a specific aspect each time.

Tips for Developing Inquiry Questions

Effective inquiry questions inspire analysis and open new avenues of investigation and thought. Read the following questions and decide which is an inquiry question and which requires only a recitation of facts:

- When did the slave trade in Africa begin and end, and how many countries were involved?
- What effect did the slave trade have on African countries, and are its effects still being felt today?

The second question is an inquiry question because it requires you to establish criteria and make informed judgments.

Editing Your Essay

First Reading — Focus on the big picture. Ask yourself whether you have

- made your position clear throughout
- provided enough evidence to support your position
- presented your arguments in logical order

Second Reading — Focus on language. Ask yourself whether you have

- included logical transitions between paragraphs
- varied the length and structure of sentences
- used active verbs and vivid descriptions
- used language that is appropriate for your audience

Third Reading — Focus on grammar, spelling, usage, and other fine points. Ask yourself whether you have

- checked the spelling of words you are not sure about
- constructed sentences that are grammatically correct
- included an accurate and complete bibliography

Fourth Reading — Focus on reviewing the essay against the Checklist for Success.

Chapter 9 Foundations of Economic Globalization

Figure 9-1 At 8:15 a.m. on August 6, 1945, the United States dropped an atomic bomb on Hiroshima, levelling much of the city and killing about 140 000 people. This attack — and a second on the city of Nagasaki — was so devastating that the Japanese government surrendered and World War II ended. The picture at the top shows what Hiroshima looked like after the bomb was dropped. The picture at the bottom shows Hiroshima today. The Japanese people have rebuilt the city into an important industrial centre where 1.1 million people live and work.

CHAPTER ISSUE

To what extent did world events shape contemporary economic globalization?

By the time the United States dropped an atomic bomb on Hiroshima in 1945, World War II had involved 50 countries and had been going on since 1939 in Europe and since 1941 in Asia and the Pacific. The Hiroshima bomb was 2000 times more powerful than any previous bomb.

When the war ended, the Japanese, with help from people around the world, rebuilt their country's economy and their ruined cities. Today, Japan has one of the most powerful economies in the world. The people of Hiroshima, for example, manufacture and export automobiles, ships, electronic machinery, furniture, and textiles.

Examine the photographs on the previous page and consider answers to the following questions:

- How does war affect people?
- What happens to people's quality of life when they experience this kind of devastation?
- How do international conflicts arise from competition for economic power?
- How do people rebuild a country's economy after a catastrophe?
- How should the global community respond when a country experiences economic and natural catastrophes?

KEY TERMS

economic globalization

reparations

communism

economic depression

market economy

Looking Ahead

In this chapter, you will explore answers to the following questions:

- What does economic globalization mean?
- How did 20th-century world events shape contemporary economic globalization?
- What factors laid the foundations of contemporary global economics?

My Point of View on Globalization

Look back at the notes you recorded as you progressed through Related Issues 1 and 2. What new ideas did you add to your understandings of globalization? Use words or images — or both — to answer this question. Date your ideas and add them to the notebook, learning log, portfolio, or computer file you are keeping as you progress through this course.

What does economic globalization mean?

Voices

Economic globilization is a double-edged sword. If we can take advantage of its benefits and avoid its negative aspects, our enterprises can develop in a healthy environment.

— Cheng Siwei, Chinese economist, 2007

Some people believe that globalization is all about economics. Those who hold this view believe that global trade, the global transportation and communication systems that increase prosperity for some people, the unequal distribution of wealth, and the conflicts between peoples and countries over natural resources are all rooted in economics.

Economic globalization includes the oil and gas pipelines and large tankers that carry oil products from Canada to markets around the world. Oil and gas exports have brought employment and prosperity to many Albertans. As an Albertan, you share in the opportunities and challenges that result from those exports. But these exports have also generated concerns about the climate change that results from the world's dependence on oil and other fossil fuels.

Economic globalization also affects the Canadian manufacturers who buy products and components from countries where workers are paid much less than Canadian workers. You may also benefit from this aspect of globalization when you save money on clothing, shoes, and other products made in another country. Or you may share in the downside when friends or family members lose their jobs because Canadian manufacturers can't compete in the global market as a result of the high wages they must pay Canadian employees.

Because international trade agreements between Canada and other countries keep tariffs low, you can buy fresh strawberries from Mexico in your local supermarket. But these low prices may also mean that the people who harvest the strawberries don't earn enough to support their families.

Figure 9-2 When you buy fresh produce in the middle of an Alberta winter, you are sharing in economic globalization. Where do the grapes and bananas that you enjoy in December come from? How did they get to your local store from the farms where they were grown?

Figure 9-3 How do these men, working on a drilling rig near High Level, share in a process that helps the Alberta government support the health and education programs in which you take part? In 2005 and 2006, money from exporting energy resources accounted for about one-third of the revenue collected by the Alberta government.

Figure 9-4 This young Albertan plans a career raising cattle on his family's ranch. But what if he can't sell his cattle on world markets? In 2003, cases of mad cow disease were discovered in Alberta. As a result, countries around the world banned imports of Canadian beef. When the borders reopened, Alberta cattle that had sold for $1300 each were selling for only $15.

Aspects of Economic Globalization

Some people see economic globalization as a force that creates healthy interdependence that will lead to prosperity for everyone. Others, such as economist William Tabb, acknowledge this global economic interdependence and say that it could be healthy — but they also say that it doesn't yet benefit all people.

Joseph Stiglitz, who won the Nobel Prize for Economics in 2001, believes that countries and peoples are more economically integrated today than ever before. He says that this interdependence has happened because communication and transportation costs have been greatly reduced and barriers to the flow of goods, services, capital, and knowledge have been taken down.

Naomi Klein, a Canadian author and journalist, agrees that economic globalization reaches into every aspect of life, but she believes that it builds fences between people. She says that globalization shuts some people out of schools, hospitals, workplaces, and even their own farms, homes, and communities. Because of globalizing trends, she says, people are unemployed and their basic needs are not being met. "These fences of social exclusion can discard an entire industry, and they can also write off an entire country."

VOICES

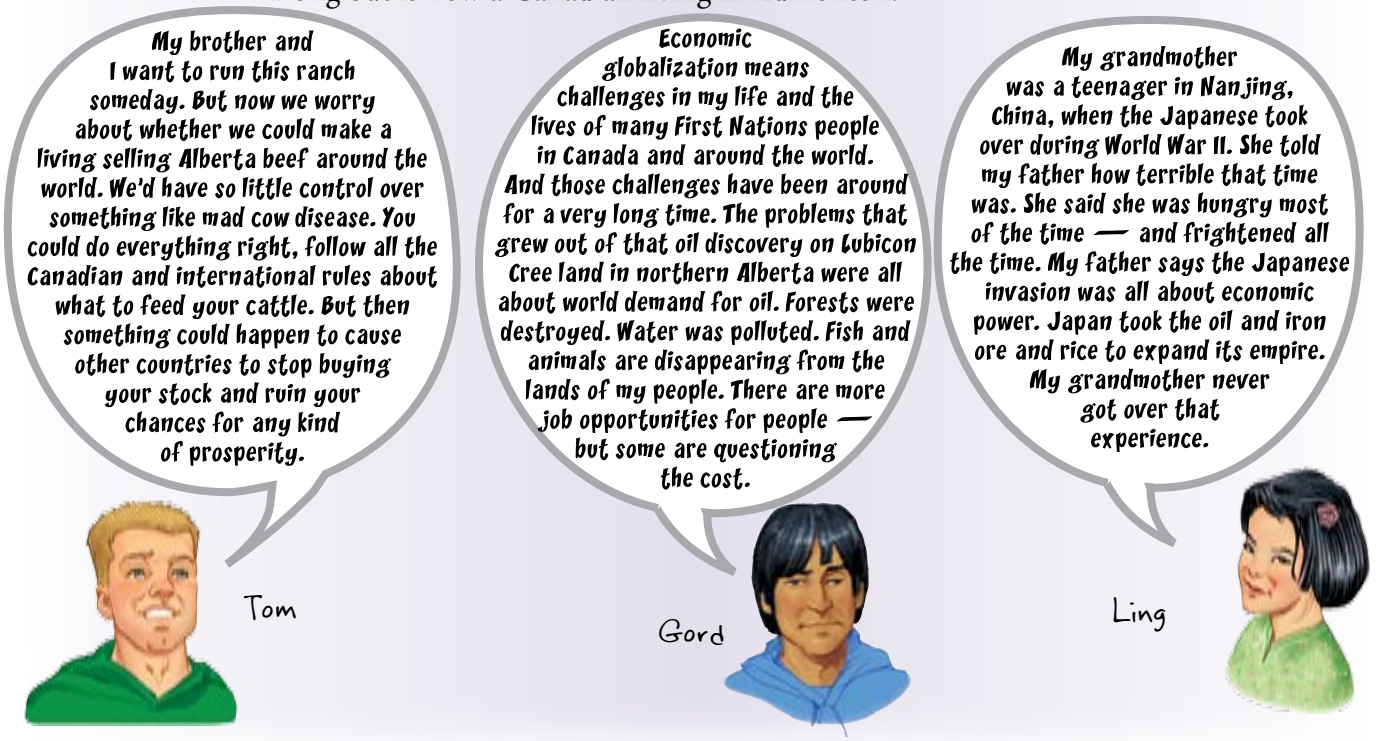
Globalization refers to the process of reducing barriers between countries and encouraging closer economic, political, and social interaction. Globalization could vastly increase the ability of people everywhere to improve their living standards by sharing knowledge and the fruits of human labor across those barriers. This, of course, does not happen.

— William K. Tabb, economist

Ideas

What does economic globalization mean in your life?

The students responding to this question are Tom, a fourth-generation Albertan who lives on a ranch near Okotoks; Gord, a member of the Beaver First Nation near High Level; and Ling, who was born in Hong Kong but is now a Canadian living in Edmonton.


My brother and I want to run this ranch someday. But now we worry about whether we could make a living selling Alberta beef around the world. We'd have so little control over something like mad cow disease. You could do everything right, follow all the Canadian and international rules about what to feed your cattle. But then something could happen to cause other countries to stop buying your stock and ruin your chances for any kind of prosperity.
Tom
Economic globalization means challenges in my life and the lives of many First Nations people in Canada and around the world. And those challenges have been around for a very long time. The problems that grew out of that oil discovery on Lubicon Cree land in northern Alberta were all about world demand for oil. Forests were destroyed. Water was polluted. Fish and animals are disappearing from the lands of my people. There are more job opportunities for people — but some are questioning the cost.
Gord
My grandmother was a teenager in Nanjing, China, when the Japanese took over during World War II. She told my father how terrible that time was. She said she was hungry most of the time — and frightened all the time. My father says the Japanese invasion was all about economic power. Japan took the oil and iron ore and rice to expand its empire. My grandmother never got over that experience.
Ling

Your Turn

How would you respond to the question that Tom, Gord, and Ling are answering? How does economic globalization affect your life? How does it affect the decisions you make every day?

CheckBack

You read about trade as a globalizing force in Chapter 2.

FYI

Comparing corporate income with countries' gross national product — the value of all goods and services produced by the residents of a country, no matter where they perform their economic activity — shows that 51 of the world's top 100 economies are corporations. Wal-Mart, for example, is bigger than Indonesia, and General Motors is about the same size as Ireland, New Zealand, and Hungary combined.

The relatively free movement of money, people, information, and goods across borders has helped increase the size and economic power of transnational corporations. Some multinationals have grown so big and powerful that they are wealthier than the government of some countries.

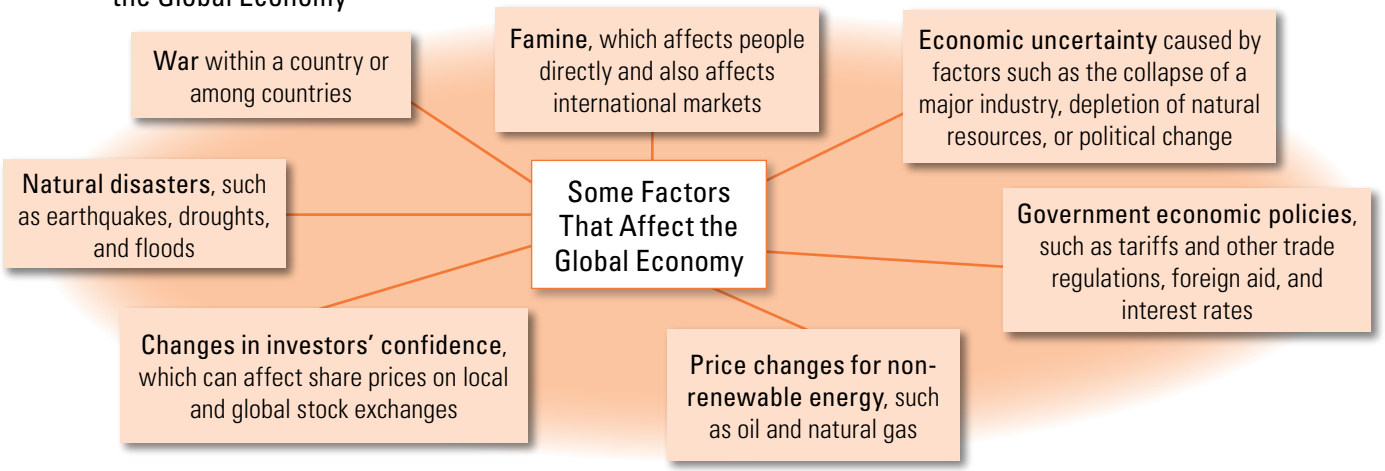
In his book *The Work of Nations*, Robert Reich, a former secretary of labour in the United States, wrote: "We are living through a transformation that will rearrange the politics and economics of the [21st century]. There will be no national products or technologies, no national corporations, no national industries. There will no longer be national economies, at least in the way we have come to understand that concept." If transnational corporations are already wealthier than some governments, how might this affect the decision-making power of citizens?

Computers, for example, often contain parts manufactured in many countries. These parts may be assembled in yet another country, and the finished computers may be sold in a dozen more countries. This means that the countries involved in this process, especially those with weaker economies, depend on the smooth operation of economic globalization.

Some people argue that this interdependence creates instability because a crisis in one country — whether it is caused by civil strife, an outbreak of mad cow disease, or a strike — can become a serious global economic problem that can lead to job losses, factory closures, and unemployment in many other countries. But many people argue that, at the same time, stability is increased because countries that trade with one another are unlikely to go to war.

In your notebook, write one more idea that could be added to each connection in the mind map in Figure 9-5.

Figure 9-5 Factors That Affect the Global Economy


Some Factors That Affect the Global Economy
War within a country or among countries
Famine, which affects people directly and also affects international markets
Economic uncertainty caused by factors such as the collapse of a major industry, depletion of natural resources, or political change
Natural disasters, such as earthquakes, droughts, and floods
Government economic policies, such as tariffs and other trade regulations, foreign aid, and interest rates
Changes in investors' confidence, which can affect share prices on local and global stock exchanges
Price changes for non-renewable energy, such as oil and natural gas

REFLECT AND RESPOND

In a speech on democracy and globalization, Canadian philosopher John Ralston Saul said,

> You'll hear it on a regular basis . . . as part of this argument that "people who trade with each other don't fight each other," and you've all heard this. It's a central argument of the last 25 years.
>
> And yet you look at the history of the British Empire and you discover that the whole core idea of the British Empire was you move in and start trading and then, when you're not getting what you want in trade, you go in and beat the hell out of them. It's trade which led to the construction of the British and the French and the German and the Italian empires.

Think about the situation in the world today and about what you learned in earlier chapters about historical globalization. Do you agree with Ralston Saul, or do you believe that global trade reduces the likelihood of violence? Explain the reasons for your ideas.

How did 20th-century world events shape contemporary economic globalization?

In 1914, European empires controlled great wealth, vast territories, and the lives of millions of people around the world. Britain alone ruled about one-quarter of the world's population. The imperialists' trade arrangements with one another and with their colonies were complex and interdependent and had led to a massive increase in the production of goods.

The imperial powers wanted to protect — or expand — their colonies and trade. Colonies were still needed as a source of raw materials and a market for goods manufactured in the home country. Along with other factors, this competition led to World War I, which pitted Britain, France, and Russia against Germany and Austria-Hungary. Other countries, as well as the colonies of the imperial powers, were also drawn into the conflict.

Think about how important imperial trade arrangements were to countries like Canada in 1914. How would disturbing these arrangements affect the lives and prosperity of people in 1914? How might similar disturbances today affect your life and prosperity?

The Costs of World War I

About 15 million soldiers and civilians were killed during World War I. Canada, for example, lost more than 66 000 soldiers, many of them in their late teens and early 20s. Many more Canadian, French, Russian, British, Australian, German, South African, and Indian soldiers experienced horrors that scarred them for the rest of their lives. Early in the war, people had expected a quick victory. Instead, soldiers spent years in France — living in muddy, rat-infested trenches under the constant threat of bombardment, machine-gun fire, and poison gas.

The economic costs of the war were also high. European cities, towns, farms, roads, factories, ports, ships, and railways had been destroyed. Many European governments had borrowed heavily from the United States, and by 1918, they owed more than $7 billion (U.S.). Their economies were devastated.

In 1919, world production of manufactured goods was more than 25 per cent lower than it had been in 1913. In Russia, production had dropped by 80 per cent. After the war, many countries restricted international trade while they tried to rebuild.

Figure 9-6 World Events, 1914–1945

1914
World War I begins in Europe

1917
Revolution and civil war begin in Russia

1918
World War I ends

1922
Civil war ends in Russia with the Communist Party in control

1929
Great Depression begins when stock markets crash in major cities

1939
World War II begins in Europe

1939–1941
Great Depression ends in various countries

1941
World War II expands to Asia when Japanese forces bomb Pearl Harbor and capture Hong Kong

1945
World War II ends with the surrender of Germany and Japan

Figure 9-7 British artist John Singer Sargent painted this huge canvas titled *Gassed*. It shows lines of soldiers who have been blinded by poison gas being led to hospital tents and dressing stations. Lying on the ground are other soldiers waiting for treatment.

VOICES

An inefficient, unemployed, disorganized Europe faces us, torn by internal strife and international hate, fighting, starving, pillaging and lying.

— John Maynard Keynes, economist, in The Economic Consequences of the Peace, *1920*

The costs of peace

The Treaty of Versailles, which was signed after World War I ended, was supposed to ensure peace and prevent another global war. But the negotiators at the peace conference imposed harsh conditions on Germany in the form of **reparations** — payments for war damages in Britain, France, Russia, and other countries.

American, Canadian, and other delegates warned that the reparations were too severe. John Maynard Keynes, a member of the British delegation, said that crippling Germany and Austria with war debts would starve the people and guarantee another major war.

The peace treaty also required Germany to give up its colonies. These were divided up among other European governments and Japan — without consulting the Indigenous people who lived in the colonies.

Figure 9-8 The three chief negotiators at the peace conference in France in 1919 were British prime minister David Lloyd George (left), French premier Georges Clemenceau (centre), and American president Woodrow Wilson (right).

The effects of World War I on the Canadian economy

By 1918, World War I was costing the Canadian government more than $2.5 million a day and income taxes had been temporarily introduced to help pay the costs. After the war, interest payments on the country's war debt totalled $164 million a year and soldiers' pensions cost another $76 million a year. As a result, income tax became a permanent feature of Canadian life.

During the war, the need for soldiers, nurses, and farm and factory workers had led to a shortage of workers. This changed after the war as soldiers returned home and weapon manufacturing stopped. As a result, unemployment rose.

The Russian Revolution

In 1914, Russia was ruled by Czar Nicholas II. The Russian empire covered one-sixth of the earth's surface and included nearly 150 million people of more than 100 different nationalities. The czar was as an absolute monarch who completely controlled the country and its people.

Russian peasants lived difficult lives under an ancient economic system that allowed them little control over their labour or property. Industrialization in Russia lagged far behind that of Western Europe and North America, and workers struggled to survive.

When World War I started, Russian soldiers had poor weapons and leadership. They were defeated in battle after battle. Nearly four million Russian soldiers were killed, wounded, or taken prisoner in the first year of the war.

Figure 9-9 The photograph on the left shows a Russian peasant village in 1891, while the picture on the right shows one of the palaces of the Russian czars, or rulers. Though many Russian peasants lived on the edge of starvation, Czar Nicholas II and his family lived in great luxury. How might this class distinction have contributed to the Russian people's demands for greater security and prosperity?

Throughout Russia, food and fuel shortages became common. Workers rebelled, demanding better wages and working conditions. When peasants and deserting soldiers joined the rebellion, the Russian economy shut down. Nicholas II was forced to give up his throne in 1917 — and he and his family were murdered in 1918.

Russia was torn apart by civil war until 1922. Transportation systems broke down, and food could not be shipped to the cities. People starved. Between 1920 and 1922, a drought and famine killed at least five million people.

Communist Russia

In 1922, the Union of Soviet Socialist Republics emerged out of the former Russia. The USSR, or Soviet Union, was the world's first communist state. **Communism** was a new economic and political model that was supposed to get rid of class distinctions. From the beginning, communism opposed capitalism and capitalist countries such as the United States. In the USSR, land and other property were to belong to everyone. Everyone would work for the benefit of all and would receive help as he or she needed it.

The Soviet Union became a one-party state. The Communist Party controlled the government and the economy — farming, industry, and transportation. And by 1929, the people were again under the control of an absolute ruler. The dictator Joseph Stalin transformed the country's economy and made the Soviet Union into an industrial and military giant.

Stalin set production schedules for farms and industries. Hundreds of thousands of peasants were forced to work in factories or mines or on construction sites. Farmers were forced to grow grain on collective farms — farms that were operated by workers as a group — and to turn their grain over to the central government. By 1939, 95 per cent of farms in the USSR were collectives.

The government exported farm products to raise money for industrial and military spending. During the famine of 1932, for example, millions of people died, but the government still exported more than two million tonnes of grain.

Many historians believe that the people of the Soviet Union were worse off under Stalin than under the czars. Select the main evidence you think these historians would cite to support their position.

VOICES

The history of old Russia consisted, amongst other things, in her being beaten continually for her backwardness . . . We are 50 or a hundred years behind the advanced countries. We must make good this distance in 10 years. Either we do it, or we shall be crushed.

— Joseph Stalin, Communist Party leader and president of the USSR, in Pravda, *February 5, 1931*

Figure 9-10 Soviet Union, 1922

The Great Depression

During the late 1920s, many countries, including Canada, experienced an economic boom. Unemployment was low, and on stock exchanges — places where people buy and sell shares in publicly traded companies — the price of shares had been rising. Investors were confident. They believed that prices would continue going up and they would be able to sell their shares at a profit.

But on the New York Stock Exchange, share prices had started going down. And on Tuesday, October 29 — a day known as Black Tuesday — some worried investors started selling. This started a panic, and share prices plummeted. The downward slide turned into a crash.

The crash started a chain reaction. Many people who had lost money could no longer pay their bills. Those who had borrowed money could not repay loans — and those who were owed money could not collect.

This meant that many people had less money to spend on consumer goods — and this reduced demand. Many companies laid off workers, and some even closed their doors for good. Unemployment rose, reducing demand even more, causing even more production cuts and throwing even more people out of work. Gradually, the entire world moved into an **economic depression** — the Great Depression.

To try to protect their own industries, many countries threw up trade barriers, including tariffs on imports. As a result, international trade declined and even more people lost their jobs.

Examine the data on the bar graphs in Figures 9-11 and 9-12. Create a diagram that shows the chain reaction caused by the stock market crash.

Figure 9-11 Decline in Exports in Selected Areas

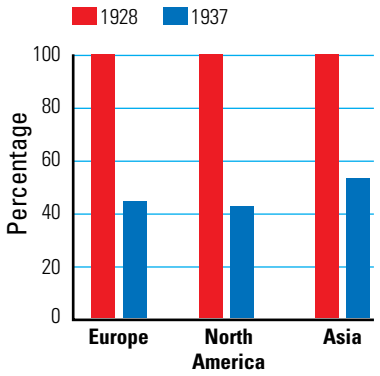
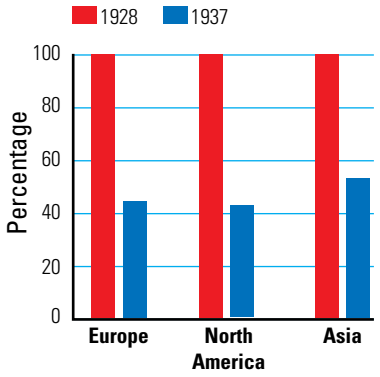


Figure 9-12 Decline in Imports in Selected Areas



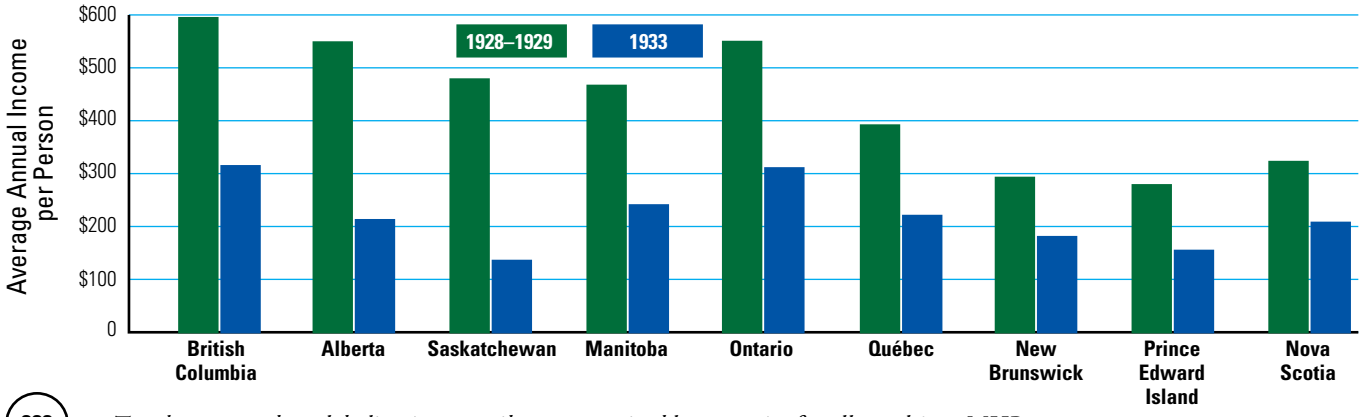
The Great Depression in Canada

Between 1929 and 1933, Canadian exports fell by 50 per cent. By 1933, 26.6 per cent of Canadians were out of work — and the salaries of many of those who still had jobs had been cut.

Some Prairie communities suffered greatly. The price of grain fell steadily after 1929. In addition, a drought that had started in 1928 continued off and on until 1937. Topsoil blew away, and in some areas, grasshoppers flourished. These insects ate much of the little grain some farmers were able to grow.

Examine the bar graph in Figure 9-13. In Québec and Ontario, annual income per person dropped by about 45 per cent, but in Saskatchewan and Alberta, it dropped by more than 70 per cent. What do you think might explain this big difference?

Figure 9-13 Decline in Average Annual Incomes in Canada, 1928–1933



World War II

The Great Depression hit especially hard in Germany, which was struggling to make reparation payments for World War I. Adolf Hitler and the Nazi Party promised to fix things, and in 1933, he was elected leader. He immediately dissolved the German parliament and declared himself führer, or absolute ruler.

Hitler was popular, and he convinced many Germans that they belonged to a master race that was entitled to rule other people. German forces took over the Rhineland, Austria, and Czechoslovakia — and on September 1, 1939, they invaded Poland. In response, Britain, France, Australia, New Zealand, and Canada declared war. The United States entered the war on the side of Britain and its allies when Japan attacked Pearl Harbor in 1941.

More than 50 countries and colonies were drawn into the war. More than 60 million people, both military and civilian, died. The countries that suffered the most were those where the war was actually fought. In Germany, 3.5 million people died; in China, estimates of the dead range between 1.3 million and 10 million; and in the USSR, an estimated 7 to 9 million died.

In the German death camps, the death toll is estimated to have been between 10 and 26 million people: Jews, Poles, Czechs, Greeks, Roma, Serbs, Ukrainians, and Russians, as well as homosexuals, people with mental and physical disabilities, trade unionists, prisoners of war, and Jehovah's Witnesses.

FYI

To try to pay its war reparations, the German government printed huge amounts of money. As a result, marks — German money — became almost worthless. In 1918, a loaf of bread cost two marks. By 1924, a loaf cost six million marks. People struggled to survive.

World War II in Canada

About 42 000 Canadians died in the fighting during World War II. Another 54 000 were wounded physically or psychologically. In one single disastrous raid on Dieppe, France, 882 Canadian soldiers were killed, 587 were wounded, and 1874 were taken prisoner.

The war had short- and long-term effects on the economic lives of Canadians. During the war, government spending increased and the manufacture of arms, airplanes, and ships rose. Farming became more mechanized. Unemployment fell, and more than a million women joined the workforce, many for the first time. From 1939 to 1941, employment in Canada's manufacturing sector rose by 50 per cent. By the end of the war, less than one per cent of Canadians were unemployed.

Figure 9-14 In the raid on Dieppe, France, 29-year-old Lieutenant Colonel Dollard Ménard of the Fusiliers Mont-Royal led 584 men onto the beach; 513 were killed. Ménard said of that day: "We had no cover. We couldn't dig in the pebbles — it was just like trying to make a hole in the water. You just can't do it. We were in a cross-fire from the two high sides of the beach and a frontal fire which covered the whole beach. We couldn't walk back, we couldn't get forward, we couldn't go on the sides. We were dead, really, before dying."

REFLECT AND RESPOND

Many events in the first half of the 20th century helped shape contemporary economic globalization. List three criteria you might use to judge which event had the most significant influence on contemporary globalization. Then choose the event that best meets your criteria and explain how it does this.

DECISION MAKING AND PROBLEM SOLVING

FOCUS ON SKILLS

You make decisions every day. Some decisions deal with simple problems and have short-term effects. These decisions might include what to eat for lunch or how to spend an hour of free time. Other decisions deal with complex problems and have long-term effects — on your life and on the lives of people in your community.

At the end of World War II, people everywhere faced complex economic problems. In countries where fighting had taken place, governments had to find a way to rebuild ruined cities, railways, roads, homes, hospitals, shipyards, factories, and farms.

Although Canada did not need to rebuild destroyed cities, the federal government had gone into debt to support the war effort. For six years, Canadians had put up with shortages, and after the war, they wanted to return to normal life.

When the war was over, the government faced many new expenses, such as paying pensions to wounded soldiers. In addition, an unemployment insurance program had been established in 1941, and a family allowance program had been set up in 1944. The family allowance program guaranteed a monthly payment to all families with children.

Imagine that it is 1946 and the federal government has asked you, and all Canadians, to respond to this question: Should the government use taxpayers' money to help people in war-torn countries rebuild their ruined communities?

Steps to Decision Making and Problem Solving

Step 1: Consider the issues that underlie the question

Work with a partner to discuss answers to this question:

- What issues does the question raise?

Some countries, for example, do not have the money to rebuild cities and infrastructure, so this is an economic issue. And the Canadian government has only so much money to spend. If money goes to help people in Britain, Poland, or Japan, there might not be enough to help Canadians. This is a global citizenship issue.

Consider the issue from different angles (e.g., political, economic, social, and ethical). Make notes about these.

Step 2: Consider the complexities of the decision

Consider questions that you need answered before making a decision (e.g., How much financial aid is the government planning to give to other countries? What percentage of the annual budget might be used in this way? How can Canadians make sure that their money is spent appropriately?).

Use a graphic organizer like the one shown on the following page to summarize your arguments for and against. Some examples have been filled in for you. You can also add your questions. Do not try to reach a decision just yet.

Step 3: Consider possible consequences and make your decision

Before completing this step, you may wish to review the Focus on Skills feature in Chapter 4: Predicting Likely Outcomes. This will help you consider the possible consequences of your decision.

With your partner, join one or two other pairs. Discuss your arguments for and against offering help to war-torn countries. After this discussion, you may wish to add more arguments to your chart.

Once you have considered the consequences for Canadians and for people in the war-torn countries, come to a decision and explain why your decision will help resolve the problem facing the world. Be prepared to respond to the arguments of people who have come to a different decision.

Summing up

As you continue to explore issues that arise from economic globalization, you may wish to reconsider your decision or apply new ideas and new strategies to the decision-making process.

FOCUS ON SKILLS FOCUS ON SKILLS FOCUS ON SKILLS FOCUS ON SKILLS FOCUS ON SKILLS

Decision-Making Graphic Organizer	
Question: Should the government use taxpayers' money to help people in war-torn countries rebuild ruined communities?	
Arguments for	Arguments against
If Canadians don't help, the ordinary people in the country will continue to suffer. That's not fair because they didn't start the war or hurt anyone. If Canadians don't help and the situation keeps getting worse, then someone like Hitler may come along and convince people in war-torn countries that he can help them. This could start another world war.	If the Canadian government gives money to help people in other countries, there may not be enough to take care of wounded Canadian soldiers who are coming home. (Question for the government: How will the government balance the financial needs of Canadians and the needs of the people in war-torn countries?) Canadians did without many things during the war. It's about time they had a chance to see some prosperity in their own country.
My Decision	
Reasons for My Decision	

What factors laid the foundations of contemporary global economics?

Even before the end of World War II, people knew they had to find a way of avoiding another similar global conflict. As a result, representatives of Britain, the United States, Canada, and other countries worked together to build an organization that would

- support people who wanted to choose their own government
- help countries co-operate on trade issues
- protect smaller countries against invasion by larger countries
- ensure that no single country controlled the world's oceans

The organization they built was the United Nations. The UN charter opens with these words: "We the peoples of the United Nations, determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind . . . do hereby establish an international organization to be known as the United Nations."

Figure 9-15 During World War II, both sides bombed cities. Dresden, Germany (left), was destroyed by the British air force. Warsaw, Poland (right), was destroyed by the German air force. What would the consequences have been for the survivors of this destruction? How could people return to prosperity when their cities were in ruins?

In many countries around the world, people faced the task of rebuilding their lives and their prosperity. Stalingrad, Warsaw, Hamburg, Dresden, Hiroshima, Nagasaki, and other cities were in ruins. Refugees and survivors of the Nazi death camps were searching for safe homes. The war had cost more than $2 trillion. People wanted a chance to rebuild their lives on a secure economic basis.

The United Nations Monetary and Financial Conference at Bretton Woods

In July 1944, representatives of 44 countries met in the small New Hampshire town of Bretton Woods for a conference sponsored by the newly founded United Nations. World War II was not yet over — and would not end in Europe for another 10 months and in the Pacific for another 13 months. But conference delegates were already trying to figure out how they could prevent the kind of economic turmoil that could lead to another world war.

If you had been a young child during World War I, had grown to adulthood during the Great Depression, and had served in World War II, how important do you think security would be to you? If you had been asked in 1944 to try to set up a system that ensured prosperity and encouraged countries to co-operate with one another, what would you have suggested?

VOICES

There has never been such a far-reaching proposal on so great a scale to provide employment in the present and increase productivity in the future. And I doubt if the world understands how big a thing we are bringing to birth.

— John Maynard Keynes, economist, speaking at the end of the Bretton Woods Conference, July 1944

John Maynard Keynes and Government Involvement in the Economy

John Maynard Keynes, the British economist who had warned that the peace treaty that ended World War I was doomed to fail, led the British delegation at Bretton Woods.

Keynes believed that the unrestricted capitalism that had existed before World War I and between the two world wars had failed. He said that the collapse of global trade, the worldwide unemployment of the Great Depression, and the worst wars in history proved that the idea of the government's playing a very limited role in a country's economy was wrong.

Keynes believed, for example, that when a business laid off workers because there was no market for its goods or services — as had happened during the Great Depression — governments should set up programs to hire the unemployed. He said that ensuring that people had money to spend would generate demand. Businesses would then need to rehire laid-off workers to produce more goods and services.

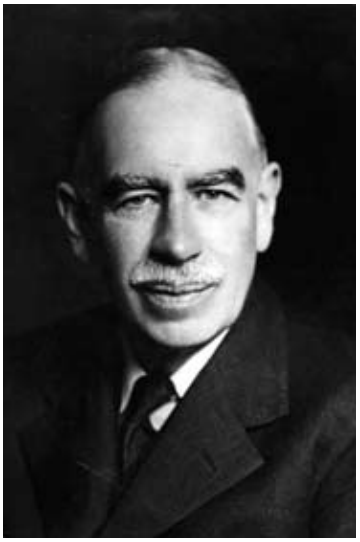


Figure 9-16 John Maynard Keynes (left) and Friedrich Hayek became two of the most influential economists of the 20th century. Keynes's views influenced world economies after World War II. Hayek's influence came later, when British prime minister Margaret Thatcher and American president Ronald Regan adopted his approach in the 1980s.

Friedrich Hayek and Government Non-Involvement in the Economy

Friedrich Hayek disagreed with Keynes's views on the economic role of government. Hayek mistrusted government control, whether this was complete control, like that in the Soviet Union, or the partial control exercised by Western governments after World War II.

According to Hayek, a government should protect the market by ensuring that its rules and laws do not interfere with competition between businesses. He believed that competition and the market would keep an economy healthy, and that government should stay out of the way. How do you think Hayek's ideas might influence quality of life and prosperity?

The World Bank and the International Monetary Fund

The World Bank — also called the International Bank for Reconstruction and Development — and the International Monetary Fund, or IMF, were mapped out at the Bretton Woods meetings. These two organizations would be supported by the United Nations and would help expand international trade. Conference delegates hoped that persuading countries to agree on rules would not only get international trade working again, but also avoid the kind of conflict that might lead to another world war.

Both the World Bank and the International Monetary Fund maintain web sites for students. Why do you think these organizations dedicate sites to this target audience? What purpose do you think these web sites are intended to serve? After visiting these sites, do you think they achieve their goals?

Web Connection

To find out more about the World Bank, the International Monetary Fund, and contemporary economic globalization, go to this web site and follow the links.

www.ExploringGlobalization.ca

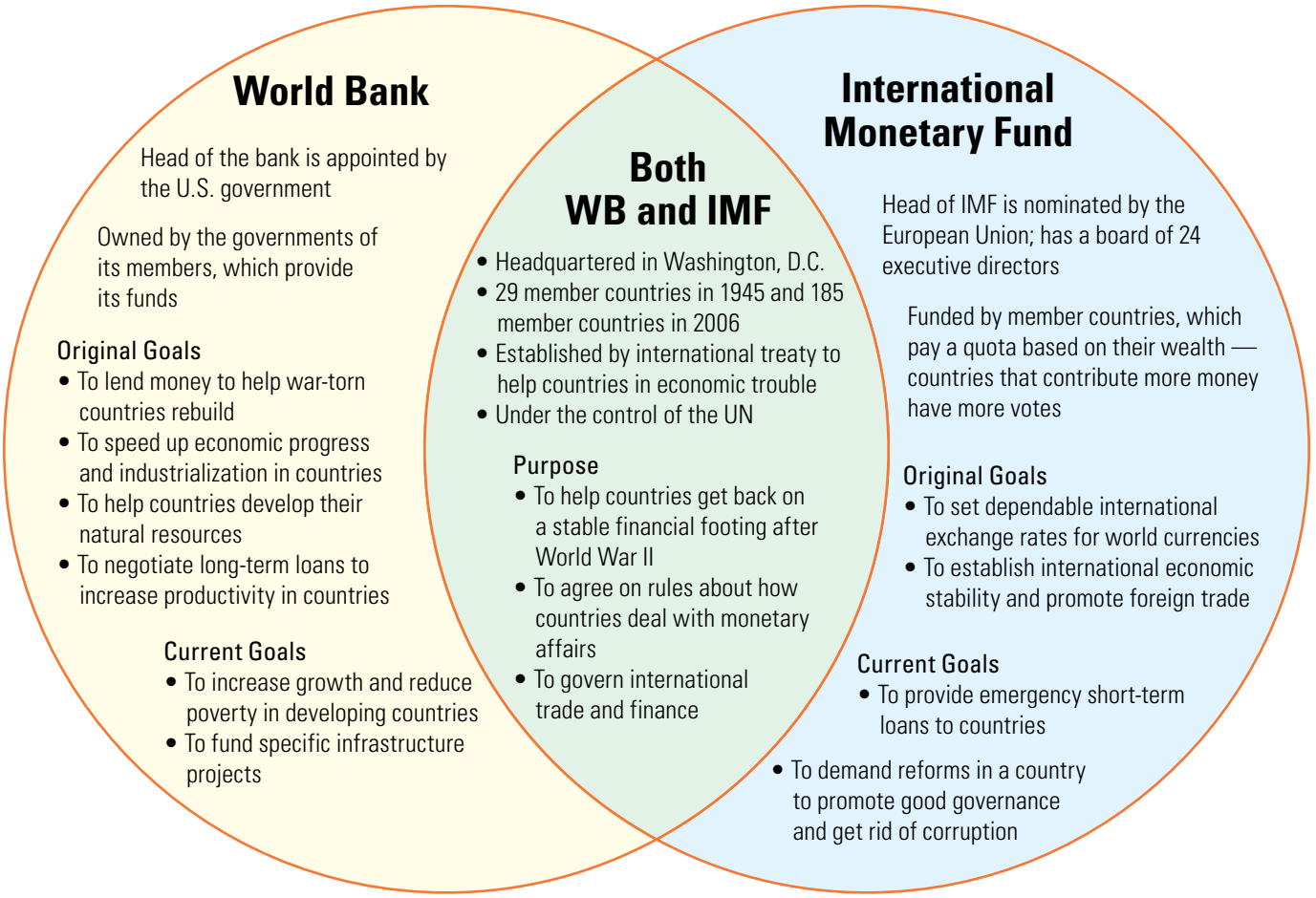

World Bank
Head of the bank is appointed by the U.S. government
Owned by the governments of its members, which provide its funds
Original Goals
• To lend money to help war-torn countries rebuild
• To speed up economic progress and industrialization in countries
• To help countries develop their natural resources
• To negotiate long-term loans to increase productivity in countries
Current Goals
• To increase growth and reduce poverty in developing countries
• To fund specific infrastructure projects
Both WB and IMF
• Headquartered in Washington, D.C.
• 29 member countries in 1945 and 185 member countries in 2006
• Established by international treaty to help countries in economic trouble
• Under the control of the UN
Purpose
• To help countries get back on a stable financial footing after World War II
• To agree on rules about how countries deal with monetary affairs
• To govern international trade and finance
International Monetary Fund
Head of IMF is nominated by the European Union; has a board of 24 executive directors
Funded by member countries, which pay a quota based on their wealth — countries that contribute more money have more votes
Original Goals
• To set dependable international exchange rates for world currencies
• To establish international economic stability and promote foreign trade
Current Goals
• To provide emergency short-term loans to countries
• To demand reforms in a country to promote good governance and get rid of corruption

Figure 9-17 The World Bank and the International Monetary Fund: A Comparison

Supporters of the World Bank and IMF say that these organizations have helped stabilize the global economy and brought prosperity to many countries. But critics say that they have become too influential and that their help, especially in developing countries, comes at too high a cost. When the IMF lends money to countries, for example, it may order the government to reduce spending.

General Agreement on Tariffs and Trade

At Bretton Woods, some countries agreed to work together to establish trade rules. This led to the General Agreement on Tariffs and Trade — GATT — which was signed in 1947. GATT members agreed to gradually eliminate tariffs and other trade barriers between themselves. Over the following decades, GATT representatives met many more times to lower tariffs and make trade freer.

The World Trade Organization emerged from the GATT in 1995. By 2007, the WTO was regulating trade in services, such as telecommunications and banking, as well as goods. It had also set rules to protect copyright and intellectual property, which refers to products of the mind or intellect, such as slogans, industrial designs, communication technologies, and patents on drugs.

FYI

Between 1950 and 2000, international exports of goods increased at an average of six per cent a year. Total international trade in 2000 was 22 times higher than it was in 1950.

POINTS OF VIEW

The World Bank and IMF give structural-adjustment loans to developing countries on the condition that those countries carry out specified economic reforms. These reforms may include changing social policies, lowering trade barriers, and reducing government spending. Debate rages over the effectiveness of these conditions. Do they help decrease poverty and improve development? Or do they disrupt social programs and increase poverty? Here is how three people or organizations have responded to these questions.

Joseph Stiglitz, a Nobel Prize–winning economist and former senior vice-president of the World Bank, told *The New York Times Magazine* that the structural-adjustment policy forces countries to take a back seat in decision making.

> [The IMF] undermines the democratic process, because it dictates policies. When [South] Korea needed money, it was told, "Only if you open up your markets faster than had been agreed upon and only if you have a central bank independent and focused exclusively on inflation." In the United States, the Federal Reserve Board focuses on inflation, employment and growth. And yet the IMF gave Korea no choice. It's not only that I think it's bad economic policy, but I think those are the kinds of things that countries should decide for themselves.

David D. Driscoll, works for the IMF and writes articles explaining its policies, as well as those of the World Bank.

> The main objective of structural-adjustment lending is to restructure a developing country's economy as the best basis for sustained economic growth. Loans support programs that are intended to anticipate and avert economic crises through economic reforms and changes in investment priorities. By using so-called policy-based lending, the Bank stimulates economic growth in heavily indebted countries – particularly in Latin America and in sub-Saharan Africa – that are undertaking, often at much social pain, far-reaching programs of economic adjustment.

Stephen Lewis, a Canadian and former NDP politician, was the United Nations special envoy for HIV/AIDS in Africa from 2001 to 2006.

> There is a definite connection [between poverty and structural-adjustment programs] in the sense that structural-adjustment programs clearly impoverish countries and clearly have a devastating effect on the social sectors, particularly health, nutrition, education, water, and sanitation. So all of the elements of a society which expose poor people to risk – when you go to a school, you have to pay – all of it [was] imposed by the international financial institutions.

Explorations

1. With the comments you have just read in mind, explain what structural-adjustment loans might mean to people in a country where access to schools, health care, and employment is already limited. Should World Bank and IMF officials have the right to place conditions on these loans? Or should these loans be offered with no strings attached? Explain the reasons for your response.
2. Which speaker or writer do you think makes the most persuasive argument for his point of view? What criteria did you use to make this judgment?
3. Do the World Bank and IMF reduce poverty and improve economic development opportunities for people who are affected by these conditional loans? Explain the reasons for your answer.

Changing the Foundations of Economic Globalization

In the years after World War II, the United States and the Soviet Union became economic and military superpowers. The U.S. had a capitalist economic system and a democratic government. The Soviet Union had a communist economic system and a central government that was run as a dictatorship. These differences were a source of friction between the two — and the countries of the world lined up with one side or the other.

Figure 9-18 In November 1989, Berliners celebrated the destruction of the wall that had divided their city — and Germany — since the end of World War II. West Germany was an ally of the United States and East Germany was under the control of the Soviet Union. How do you think this might have affected the lives of Berliners before 1989?

Although the superpowers battled for global influence and power, this conflict never erupted into open military warfare. As a result, this era became known as the Cold War.

The Cold War interfered with global trade. The IMF, the World Bank, and the GATT were unable to resolve the issues that divided communist and non-communist countries. But the Bretton Woods version of economic globalization needed open borders, free communication, and access to world markets.

During the 1980s, people in various communist countries struggled to throw off Soviet control, and in 1989, the Soviet Union began to collapse. The destruction of the Berlin Wall, which had separated capitalist, democratic West Berlin from communist East Berlin, became an enduring symbol of the fall of the Soviet Union and communist control in Eastern Europe.

When the Berlin Wall was torn down in 1989, East and West Berliners were united again in a single city. What role do you think globalization played in bringing down the Berlin Wall?

FYI

In 1975, 8 per cent of the world's economies were capitalist and the value of foreign trade was $23 billion (U.S.). After the Cold War ended, 28 per cent of economies were capitalist and the value of foreign trade had grown to $644 billion (U.S.).

Figure 9-19 Today, Russians and international visitors can buy directly from sellers competing with one another in an open market. Outdoor markets, like this one in Moscow, sell everything from books and household items to souvenir chess sets, military hats, and religious icons. How are markets like this evidence of contemporary economic globalization?

Changing national economies

By the 1970s, some governments were spending so much on expanding their economy that they had built up huge debts. In addition, inflation was rising, and so was unemployment. But according to Keynes's theories, these things were not supposed to happen at the same time. In this new economic environment, the views of Hayek and his student and colleague Milton Friedman started to gain support. Some people began to embrace the idea that markets, not the government, should control a country's economy. By 1974, Hayek's ideas had become so popular that he shared the Nobel Prize in Economics. Friedman won the award two years later.

Moving toward a market economy

Hayek and Friedman believed that less government intervention and freer markets would generate economic health and prosperity. Friedman's theories began to influence British prime minister Margaret Thatcher and U.S. president Ronald Reagan.

As a result, Britain and the U.S. began to move toward a **market economy** in which individuals were freer to make their own decisions with little intervention from the government — and where resources are the private property of individuals or companies. Others, however, were critical of Hayek's and Friedman's theories.

The debate between the two differing economic visions continues to reverberate in the world today. Canada, for example, has continued to maintain a mixed economy in which both the public and the private sectors play a significant role. Some resources are privately owned, but others are publicly owned. Many other countries follow a similar model.

FYI

The Index of Economic Freedom calculates a country's position on a list that measures business freedom, trade freedom, and freedom from government interference. According to the 2007 index, Hong Kong has the most economic freedom. Canada ranked 10th, after Switzerland. The country with the least economic freedom is North Korea.

PROFILE

MILTON FRIEDMAN — PROMOTING FREE MARKETS

Supporters of Milton Friedman's views have called him the most influential economist of the second half of the 20th century. As a young man, Friedman supported the theories of John Maynard Keynes. But he changed his mind in the 1950s and eventually spearheaded the opposition to Keynes. Friedman became the chief spokesperson of a group of economists that became known as the Chicago School, after the University of Chicago, where he taught.

Friedman believed that everyone would experience greater prosperity, as well as more political and social freedom, if there was less government control and freer markets. He believed that communism and socialism represented the extreme of government control. At the other extreme, he said, people were free to make their own choices with a minimum of government control.

In Friedman's view, the system that would give people the greatest political and economic freedom — to buy from whomever they wanted, to sell to whomever they wanted, and to work for whomever they wanted — was the system that also provided the best chance of achieving prosperity.

In tough economic times, Friedman said, people should not expect to rely on government help. He believed that it was not the government's role to support people through hard times; rather, he said, people would be better off if they learned to adapt to changes in the market and in the demand for their goods and services.

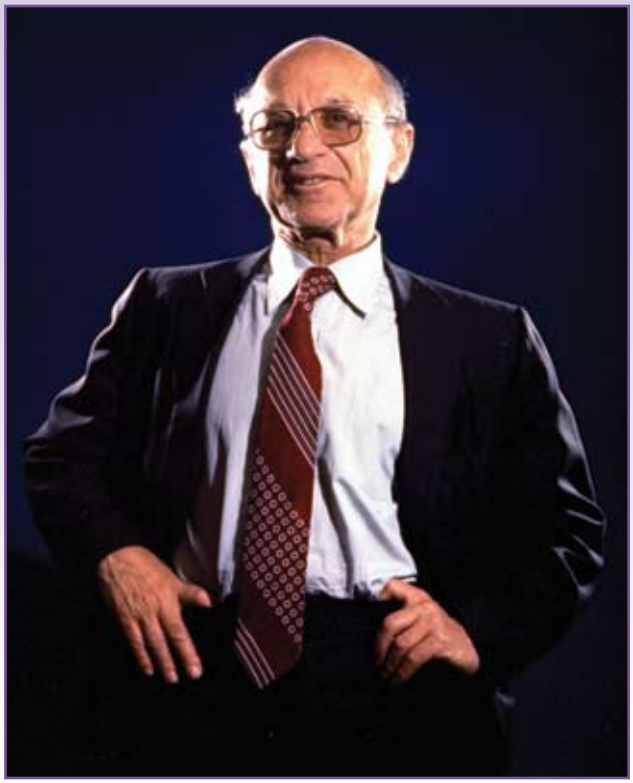


Figure 9-20 The son of immigrants from Austria-Hungary, Milton Friedman was born in Brooklyn, New York, in 1912. While at university, he began his lifelong study of economics, and in 1976, he won the Nobel Prize in Economics.

ECONOMIC GLOBALIZATION IN THE PEOPLE'S REPUBLIC OF CHINA

In 1949, Mao Zedong and the Communist Party won a civil war that had engulfed China since the 1920s. This conflict had continued through World War II and the Japanese occupation of the country. When he took power, Mao announced to the Chinese people: "Fellow-countrymen, the founding of the People's Republic of China is proclaimed, and the Chinese people now have their own Central Government. In accordance with the Common Program, the government will exercise the people's democratic dictatorship over the length and breadth of China."

Figure 9-21 China

Dashed Hopes

For centuries, China's large peasant population had suffered under the harsh rule of warlords and landlords. As a result, many people enthusiastically supported Mao and his long struggle to take over the country.

Mao and the Chinese communists began the huge task of transforming China from an agricultural society into a modern industrial country. As Russian communists had done in the Soviet Union nearly 30 years earlier, Chinese communists nationalized businesses, established collective farms, and began to develop industries. They also established health care facilities and schools in rural areas.

For many reasons, most of these changes failed. The collective farms — poorly run and economically unsound — were a disaster. Tens of millions of people died of starvation. In addition, many of the industries either failed or were kept going only because the central government supported them.

Reforming the Economy

Mao died in 1976, and by 1978, a reform-minded leader, Deng Xiaoping, had won control of the government. Deng brought in market-oriented economic changes and remained a major force in reforming China's economy during the 1980s and 1990s.

Though China continued to be a one-party state with a centrally planned economy, some private ownership of property and entrepreneurship were allowed. Farmers continued to turn over part of their earnings to the state, but they were also able to sell some produce privately and keep the profits. Collective farms were closed. Farm production increased, and many farm families became more prosperous.

China also became more open to foreign trade and investment. By the mid 1980s, more elements of a market economy were starting to appear, though the country was still under the control of the central government. Still, some businesses and industries were allowed to keep some of their profits, and others were set up to export products.

Deng dismissed complaints that China was moving away from its communist principles. He explained that a market economy did not have to be capitalist: "Socialism has markets too. Plans and markets are simply stepping stones . . . to universal prosperity and riches."

Taking Part in Global Trade

In the years right after the revolution, China remained largely closed to international trade. But by 2005, World Trade Organization statistics showed that China had become the third-largest importer and exporter in the world. Only the United States and the European Union imported and exported more. By 2006, China had the fastest-growing — and the second-largest — economy in the world.

According to Statistics Canada, China is the fourth-largest importer of Canadian goods in the world. Only the U.S. exports more to Canada than China does.

Figure 9-22 Canada–China Merchandise Trade, 2003–2006 (Billions of Canadian Dollars)

	2003	2004	2005	2006
Canadian Exports to China	$4.81	$6.77	$7.1	$7.66
Canadian Imports from China	$18.58	$24.1	$29.52	$34.47

Source: Statistics Canada, "Canada's Merchandise Exports and Imports, 2007"

Living in Industrial China

One effect of China's rush to develop its economy is severe air pollution. Coal is a major industrial energy source in China, which has 21 000 coal mines. The country is responsible for 90 per cent of the rise in world coal consumption in recent years. By 2009, China was expected to be the largest producer of greenhouse gases, which are a major contributor to global climate change.

Linfen, an industrial city in Shanxi Province, China's coal region, has been named one of the most polluted places on Earth. The people of Linfen suffer from respiratory illnesses caused by the coal smoke and dust from factory smokestacks.

In 2007, Geoffrey York, a Canadian journalist, wrote that pollution in Linfen is so bad that "cars turn on their headlamps in the daytime. Nobody wears a white shirt because it soon becomes grey. Half of the local drinking wells are polluted and unsafe. Elderly people stay indoors, afraid to breathe the air on the streets. Young children have grown up without ever seeing the stars at night because of the haze."

Yi Maosheng, a farmer in the region, said, "In the past, the wheat plants were very green. But now, they are covered in fine dust. The bees don't come to the flowers of the apple trees anymore."

Figure 9-23 When residents of Linfen, China, go to work in the morning, they wear masks to protect themselves from air that is polluted with coal smoke and dust.

Explorations

1. Examine the data in Figure 9-22. What do these data tell you about the balance of trade — the difference in value between imports and exports — between Canada and China? Do you think this balance of trade is healthy for Canada? For China? Explain the reasons for your answers.
2. As China's economy develops rapidly, its government believes that people must make some short-term sacrifices in the interests of economic growth. These include ignoring environmental and health concerns created by pollution.

   In groups of three, discuss the problems of economic growth faced by expanding economies. Work together to suggest a balanced solution that takes into account economic growth, as well as environmental and health concerns. To help do this, you may wish to use the steps and the graphic organizer included in this chapter's Focus on Skills feature, which deals with decision making and problem solving.

1. You and two or three of your classmates are members of the cabinet of the government of Abstainia, a fictitious country that needs a large loan. Abstainia now imports food because farmers cannot produce enough to feed everyone. The loan will be used to develop new port facilities that can handle large container ships and to create a new power plant that will allow new factories to open and supply cheaper electricity to the people.

   The cabinet must decide whether to accept a structural-adjustment loan from the World Bank. The data in Figure 9-24 reflect Abstainia's current economic position.

   a) Using the steps set out in the Focus on Skills feature on pages 224 to 225, develop a decision-making process that will help you and your cabinet colleagues decide whether to accept the loan. If your group needs more information before making an informed decision, prepare and carry out a research plan. The World Bank funds some interesting cultural projects, and finding out more about these may add depth to your research. Go to this web site and follow the links: www.ExploringGlobalization.ca

Figure 9-24 Abstainia: An Economic Snapshot

Agricultural land available: 22%
Agricultural land in use: 9%
Population: 32 million
School-age children: 3 million
School-age children in school full-time: 1 million
Literacy: 60%
Languages: Arabic (official), English is widely spoken
Life expectancy: Male — 62; Female — 65
Annual average income: $3500 (Cdn)
Unemployment: 45%
Current government revenues: $1.8 billion (Cdn.)
Annual debt repayments if loan is taken: $0.75 billion (Cdn.)
Current expenditures including all social programs (schools, hospitals, doctors, etc.): $2.3 billion (Cdn.)

   b) If you decide to accept the loan, decide on four conditions the World Bank must agree to if Abstainia is to make social and economic gains because of the loan.

   c) If you decide to refuse the loan, decide on a plan to increase the number of children in school by at least 250 000 and to reduce unemployment by at least 10 per cent.

   d) Whether you accept or refuse the loan, prepare a statement explaining your government's position to the World Bank.

2. With a partner, imagine that you are at the 1944 Bretton Woods conference. Think about what is going on in the world and what the delegates were trying to achieve. One of you will play the role of Friedrich Hayek or John Maynard Keynes. The other will play the role of a reporter at the conference. Then you will switch roles.

   a) Prepare one powerful question that you, as a reporter, can ask either Hayek or Keynes as he emerges from a conference session. Because you know what will happen in the decades after the conference, make your question as insightful and surprising and possible. Show your question to your partner so his or her character can prepare an answer.

   b) Prepare several follow-up questions that will enable your partner's character to delve more deeply into the issue you raise. Make notes about the answers so you can use them in the class discussion that will follow.

   c) Prepare your character's answer to your partner's questions.

   With the class, discuss the questions — and the answers. Conclude this discussion by deciding whether other questions should have been asked and why.

3. Ryokan, whose name means "good-large-heartedness" or "gentle tolerance," was a Buddhist monk and poet who lived in Japan from 1758 to 1831. In the poems on this page, Ryokan uses the begging bowl as a symbol of simplicity. He believed that owning less is the way to economic security and happiness.

   Unlike Ryokan, many people today believe that expanding globalization creates a strong desire to own "things," which they believe will bring economic security and happiness.

   Does your lifestyle reflect one of these positions? On a continuum like the one shown, locate your lifestyle. Is it possible to hold both views? Explain your reasoning.

   Write a verse or a rap to illustrate your position. Share it with a partner, a small group, or the class.

The Way to Economic Security and Happiness

Owning less ——— Owning more

Three Poems on My Begging Bowl

1
Picking violets
by the roadside
I've forgotten and left
my begging bowl —
that begging bowl of mine

2
I've forgotten
My begging bowl
But no one would steal it —
How sad for my
begging bowl

3
In my begging bowl
Violets and
dandelions
Jumbled together —
I offer them to the
Buddhas of the Three Worlds

Think about Your Challenge

Your challenge in this related issue is to write a persuasive essay on the extent to which globalization contributes to sustainable prosperity for all people.

You have developed criteria to use to evaluate the data you will include in your supporting paragraphs. Review these criteria in light of the ideas you explored in this chapter. On your inquiry-question cards or pages, review and complete the notes and source information that you have gathered so far. Have the ideas developed in this chapter caused you to rethink your criteria? Your position? If so, in what ways?